

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Mayfield Township	County Grand Traverse
Fiscal Year End 3/31/06	Opinion Date 8/22/06	Date Audit Report Submitted to State 9/26/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- ☒ ☐ The local unit has adopted a budget for all required funds.
- ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
- ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- ☒ ☐ The local unit is free of repeated comments from previous years.
- ☒ ☐ The audit opinion is UNQUALIFIED.
- ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
- ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Harris Group, CPAs		Telephone Number 231-946-8930		
Street Address 1107 E. 8TH STREET		City Traverse City	State MI	Zip 49686
Authorizing CPA Signature		Printed Name Ronald G Harris, CPA		License Number 1101024798

**MAYFIELD TOWNSHIP  
GRAND TRAVERSE COUNTY, MICHIGAN  
REPORT ON BASIC FINANCIAL STATEMENTS  
AND REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED MARCH 31, 2006**

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### **Independent Auditor's Report**

Members of the Township Board  
Mayfield Township  
Grand Traverse County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Mayfield, as of and for the year ended March 31, 2006, which collectively comprise the Townships' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Mayfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the report of other auditors, provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Mayfield, as of March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township of Mayfield has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2006. The Township of Mayfield has not presented the Managements Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required to be part of, the basic financial statements.

The required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally if inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Mayfield's basic financial statements. The supplementary data section is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary data section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants  
August 22, 2006

**MAYFIELD TOWNSHIP**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
**YEAR ENDED MARCH 31, 2006**

	Governmental Fund type		Government- Wide Statement Of Net Assets
	General Fund	Adjustments	
<b>ASSETS</b>			
Cash and investments	\$ 76,390	\$	\$ 76,390
Taxes receivable	4,100		4,100
State revenue sharing	14,453		14,453
Due from other funds	324		324
Due from state			
Capital Assets:			
Land and land improvements		3	3
Buildings and other equipment, net of accumulated depreciation		153,841	153,841
<b>TOTAL ASSETS</b>	<b>\$ 95,267</b>	<b>\$ 153,844</b>	<b>\$ 249,111</b>
<b>LIABILITIES:</b>			
Accrued payables	\$ 3,394	\$	\$ 3,394
Payroll tax liability	465		465
Due to other funds			
Due to other governmental units			
<b>TOTAL LIABILITIES</b>	<b>3,859</b>		<b>3,859</b>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balances:			
Undesignated	91,408	(91,408)	
<b>TOTAL FUND BALANCE</b>	<b>91,408</b>	<b>(91,408)</b>	
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 95,267</b>		
<b>NET ASSETS</b>			
Invested in Capital Assets		153,844	153,844
Unrestricted		91,408	91,408
<b>TOTAL NET ASSETS</b>		<b>245,252</b>	<b>245,252</b>
		<b>\$ 153,844</b>	<b>\$ 249,111</b>

The accompanying notes are an integral part of these statements.

**TOWNSHIP OF MAYFIELD  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2006**

Total governmental fund balance	\$	91,408
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		<u>153,844</u>
Net Assets of Governmental Activities	\$	<u><u>245,252</u></u>

The accompanying notes are an integral part of these statements.

**MAYFIELD TOWNSHIP**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED MARCH 31, 2006**

	Governmental Fund Type		Government- Wide
	General Fund	Adjustments	Statement of Activities
REVENUES:			
Property taxes	\$ 37,688		\$ 37,688
Licensing and permits	3,270		3,270
State revenue sharing	90,465		90,465
Interest	1,325		1,325
Other	2,823		2,823
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	135,571		135,571
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Legislative:			
Township Board	8,849		8,849
General government:			
Supervisor	5,315		5,315
Elections	2,783		2,783
Assessor	10,976		10,976
Clerk	6,755		6,755
Board of Review	481		481
Treasurer	10,287	(1,330)	8,957
Building and grounds	2,696		2,696
Cemetery	790		790
Depreciation		5,428	5,428
Public safety:			
Fire protection	36,645		36,645
Public works:			
Planning	4,344		4,344
Zoning Board	5,925		5,925
Highways and streets	364		364
Recreation	44		44
Community Promotion	2,739		2,739
Other:			
Insurance	5,585		5,585
Loss on disposal of assets		789	789
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	104,578	4,887	109,465
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	30,993	(30,993)	
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS		26,106	26,106
		<hr/>	<hr/>
FUND BALANCE/NET ASSETS, beginning of year	60,415	158,731	219,146
	<hr/>	<hr/>	<hr/>
FUND BALANCE/NET ASSETS, end of year	\$ 91,408	\$ 153,844	\$ 245,252
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these statements.

**TOWNSHIP OF MAYFIELD**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2006**

Net change in fund balance	\$	30,993
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Amounts reported for governmental activities are different because:

Governmental fund reports capital outlays as expenditures. However, In the statement of activities, the cost of these assets are depreciated over their estimated useful lives.

Expenditures of capital assets		1,330
Current year depreciation		(5,428)
Loss on disposal of assets		(789)
		(789)
Net Assets of Governmental Activities	\$	26,106

The accompanying notes are an integral part of these statements.

**TOWNSHIP OF MAYFIELD  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
MARCH 31, 2006**

ASSETS

Cash	\$ 324
	<hr/>
TOTAL ASSETS	\$ 324
	<hr/> <hr/>

LIABILITIES

Due to other funds	\$ 324
	<hr/>
TOTAL LIABILITIES	\$ 324
	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Mayfield Township (Township), Grand Traverse County, Michigan, conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the significant policies:

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basis Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operations. (Not included by the Township)
- Financial statements prepared using full accrual accounting for all of the Township’s activities, including infrastructure (roads, sidewalks, etc.)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Township has elected to implement the provision of Statement No. 34 in the current year.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

The *agency fund* is custodial in nature and does not present the results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for tax collection function that is maintained by the County Treasurer.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has not elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the governments enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and investments**

The Township reports its investments in accordance with GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, such as certificates of deposit, and the district intends to hold the investment until maturity.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**Inventories**

Materials and supplies are expensed as purchased.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Fixed Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated fixed assets are stated at their fair market value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment of a fund is determined by its measurement focus. General capital assets are long-lived assets of the Township as a whole. Infrastructure such as streets, traffic signals and signs will be capitalized on a prospective basis. The valuation basis for the general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

**Budgets and Budgetary Accounting**

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2: PROPERTY TAX LEVY**

Property taxes levied on December 1 of each year are collectible from December 1 through the end of February of the next year at which time the unpaid taxes, other than personal property taxes, are turned over to the County for collection. An analysis of the current tax roll is as follows:

<b>Taxing Authority</b>	<b>Tax Roll</b>	<b>Current Collections</b>	<b>Delinquent Real Tax</b>	<b>Unpaid Personal</b>
County and commission on aging	\$ 207,866	\$ 183,807	\$ 23,722	\$ 338
Commission on aging	20,220	17,747	2,433	39
Medical Care	27,506	24,088	3,364	54
State Education Tax	244,248	221,224	22,785	239
School Districts:				
Kingsley	263,831	237,353	24,830	1,648
Buckley	111,342	92,389	18,876	77
Northwestern Michigan College	120,340	105,409	14,696	235
Intermediate School District	121,028	105,991	14,801	236
Township	33,946	29,727	4,153	66
Library	47,408	41,513	5,803	92
BATA	13,823	12,105	1,691	27
	<u>\$ 1,211,558</u>	<u>\$ 1,071,353</u>	<u>\$ 137,154</u>	<u>\$ 3,051</u>

**NOTE 3: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (worker's compensation). The Township has purchased commercial insurance for property loss, torts, and worker's compensation claims. Settled claims relating to the commercial insurance have not exceed the amount of insurance coverage in any of the past five fiscal years.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4: CASH AND INVESTMENTS**

The Government Accounting Standards Board (GASB) Statement No. 40 risk disclosure for deposits at year end are as follows:

Deposits	Bank Balances
Insured FDIC	\$ 76,389
Uninsured	
Total Deposits	<u>\$ 76,389</u>

At year end the balance sheet carrying amount of deposits was \$76,389

*Interest Rate Risk* – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* - State statutes authorize the township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The Township has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk* – The Township places no limit on the amount the district may invest in any one issuer.

**NOTE 4: PROPERTY TAXES RECEIVABLE**

The delinquent real property taxes of the Township are purchased by the County of Grand Traverse. The County maintains a revolving fund, which is used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year in the amount of \$4,100 in the General Fund, in accordance with the Michigan Council on Governmental Accounting and Auditing Statement #3.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5: JOINT VENTURE**

The Township of Mayfield participates with the Village of Kingsley and Paradise Township in maintaining a joint emergency building, commonly referred to as KMP Emergency Facility. The maintenance costs for the facility are shared equally by each unit. The Township's share of these costs for the year ended March 31, 2006 was \$1,438.

Financial data for KMP Emergency Facility as of March 31, 2006 can be obtained at the office of the KMP Emergency Facility.

**NOTE 6: CHANGES IN GENERAL FIXED ASSETS**

Capital asset balances and activity for the year ended March 31, 2006 were as follows:

<b>Primary Government</b>	<u>Balance 3/31/05</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Balance 3/31/06</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 3	\$	\$	\$ 3
Total capital assets not being depreciated	<u>3</u>			<u>3</u>
Capital assets, being depreciated				
Building	124,780			124,780
KMP Facility	48,708			48,708
Equipment	<u>27,087</u>	<u>1,330</u>	<u>1,541</u>	<u>26,876</u>
Total capital assets being depreciated	<u>200,575</u>	<u>1,330</u>	<u>1,541</u>	<u>200,364</u>
Less accumulated depreciation for:				
Building	17,469	2,496		19,965
KMP Facility	4,732	946		5,678
Equipment	<u>19,646</u>	<u>1,986</u>	<u>752</u>	<u>20,880</u>
Total accumulated depreciation	<u>41,847</u>	<u>5,428</u>	<u>752</u>	<u>46,523</u>
Total capital assets, being depreciated, net	<u>158,728</u>			<u>153,841</u>
Governmental activities capital assets, net	<u>\$ 158,731</u>			<u>\$ 153,844</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF MAYFIELD**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2006**

	General Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES:				
Taxes	\$ 18,200	\$ 18,200	\$ 37,688	\$ 19,488
Licenses and permits	3,500	3,500	3,270	(230)
State revenue sharing	97,909	97,909	90,465	(7,444)
Interest	600	600	1,325	725
Other			2,823	2,823
TOTAL REVENUES	120,209	120,209	135,571	15,362
EXPENDITURES:				
Legislative:				
Township Board	7,850	7,850	8,849	(999)
General government:				
Supervisor	5,615	5,615	5,315	300
Elections	2,600	2,600	2,783	(183)
Assessor	10,400	10,400	10,976	(576)
Clerk	7,305	7,305	6,755	550
Board of Review	555	555	481	74
Treasurer	8,875	8,875	10,287	(1,412)
Building and grounds	2,700	2,700	2,696	4
Cemetery	2,900	2,900	790	2,110
Public safety:				
Fire protection	35,000	35,000	36,645	(1,645)
Public works:				
Planning	16,575	16,575	4,344	12,231
Zoning Board	55	55	5,925	(5,870)
Highways/Streets	300	300	364	(64)
Recreation			44	(44)
Community promotion	4,000	4,000	2,739	1,261
Other:				
Insurance	5,600	5,600	5,585	15
Contingencies	34,870	34,870		34,870
TOTAL EXPENDITURES	145,200	145,200	104,578	40,622
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	\$ (24,991)	\$ (24,991)	30,993	55,984
FUND BALANCE, beginning of year			60,415	
FUND BALANCE, end of year			\$ 91,408	

## **Supplementary Data Section**

**MAYFIELD TOWNSHIP  
GENERAL FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED MARCH 31, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>LEGISLATIVE – Town Board</b>	\$ 7,850	\$ 8,849	\$ (999)
<b>GENERAL GOVERNMENT</b>			
Supervisor's office	5,615	5,315	300
Elections	2,600	2,783	(183)
Assessor	10,400	10,976	(576)
Clerk's office	7,305	6,755	550
Board of review	555	481	74
Treasurer's office	8,875	10,287	(1,412)
Townhall	2,700	2,696	4
Cemetery	2,900	790	2,110
Total General Government	40,950	40,083	867
<b>PUBLIC SAFETY</b>			
Fire	35,000	36,645	(1,645)
Zoning			
Total Public Safety	35,000	36,645	(1,645)
<b>PUBLIC WORKS</b>			
Highways, Street and Bridges	16,575	4,344	12,231
Zoning Board	55	5,925	(5,870)
Street lighting	300	364	(64)
Total Public Works	16,930	10,633	6,297
<b>RECREATIONAL and CULTURAL</b>			
Community Promotion	4,000	2,739	1,261
Recreation		44	(44)
Total Recreation and Cultural	4,000	2,783	1,217
<b>OTHER</b>			
Insurance	5,600	5,585	15
Contingency	34,870		34,870
Total Other	40,470	5,585	34,885
<b>TOTAL EXPENDITURES</b>	<u>\$ 145,200</u>	<u>\$ 104,578</u>	<u>\$ 40,622</u>

**MAYFIELD TOWNSHIP  
TAX COLLECTION FUND  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCE  
YEAR ENDED MARCH 31, 2006**

CASH BALANCE, beginning of year	\$ 479
Receipts:	
Current property taxes	1,071,420
Interest and delinquent taxes	<u>7,733</u>
 TOTAL FUNDS AVAILABLE	 <u>1,079,153</u>
 Disbursements:	
County	183,807
Buckley school	92,389
Kingsley school	237,353
Northwestern Michigan College	105,409
State Education Tax	221,224
District library	41,513
Commission on aging	17,747
Medical care	24,088
TBA ISD	105,991
Bata	12,105
Township	29,727
State CFR	66
Refunds and adjustments	<u>7,889</u>
 TOTAL FUND DISBURSED	 <u>1,079,308</u>
 CASH BALANCE, end of year	 <u><u>\$ 324</u></u>



August 22, 2006

To the Township Board  
Township of Mayfield  
Grand Traverse County, Michigan

In planning and performing our audit of the financial statements of the Township of Mayfield for the year ended March 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Township of Mayfield's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our study and evaluation of internal control disclosed no conditions that we believe to be material weaknesses for which corrective action by management is practicable in the circumstances.

#### Recommendations

##### Budgeting

The Township has complied with the spirit of P.A. 621, Budgeting, but has expended more than the budgeted amount in certain categories. The Township may amend the budget throughout the year for any unforeseen expenditures.

##### Investment Policy

Governmental Accounting Standards Board has issued Statement #40, *Deposit and Investment Risk Disclosures*, which was effective for the March 31, 2006 annual financial statements. The objective of this statement is to update the custodial credit risk disclosure requirements and to establish more comprehensive disclosure requirements addressing other common risks of the deposits and investments of state and local governments. This statement requires a brief description of the deposit or investment policies that are related to the risks that GASB 40 requires to be disclosed, including Custodial Credit Risk, Concentration of Credit Risk, Interest Rate Risk and Foreign Currency Risk.

Although GASB 40 does not specifically require an Investment Policy, governmental units will certainly want to consider adopting an updated policy. You will need to disclose in your annual audit footnotes:

- the government's investment policy for any specific type of risk to which the Township is exposed, or
- the fact that your Township has no investment policy that addresses the specific type of risk to which the Township is exposed.

The Township does not currently invest its excess resources, but if the Township decides to invest, it will need to consider the requirements of GASB 40 when making its' investment decision.

This report is intended solely for the information and use of the Township Board, management, and the Michigan Department of treasury and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants